research bulletin 18

CONSTRUCTION TRENDS: HOW TORONTO COMPARES

STEPHEN G. McLAUGHLIN, COMMISSIONER
CITY OF TORONTO PLANNING AND DEVELOPMENT DEPARTMENT RESEARCH AND INFORMATION SECTION DECEMBER 1981

This bulletin focuses on nationwide and local construction trends over the 1971-1980 period. The analysis is based on building permit data collected by Statistics Canada. Construction trends are viewed in two ways: the constant dollar value (1971 dollars) of permits issued for different types of development (residential, industrial, commercial or institutional government) and the number of housing units for which permits were issued by type of structure. Population growth to 1980 is also observed. The estimated value of construction activity in current dollars is deflated by residential and non-residential construction price indices in order to derive constant dollar values.

Section A highlights nationwide trends while Section B reviews local trends. Viewed in this way, we can measure Toronto's performance relative to other census metropolitan areas (CMA's) in Canada, as well as observe shifts in the pattern of local development activity.

A. NATIONAL PERSPECTIVE

Rapid Growth in Intermediate Centres

In 1980, 56% of Canada's population lived in census metropolitan areas (urban areas with 100,000 or more population). Over half (52%) of this total lived in the three largest metropolitan areas: Toronto, Montreal and Vancouver. The Toronto CMA, with a population of 2.88 million, was the largest in Canada.

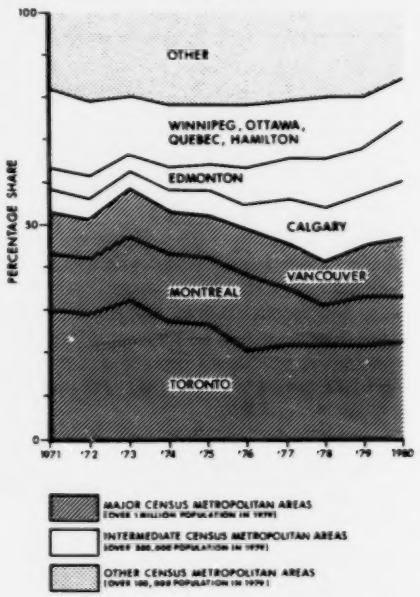
Six CMA's had populations exceeding 500,000 persons, while the remaining 15 CMA's contained over 100,000 persons. Table 1 compares the share of population in larger centres in 1971 and 1980 and their relative rates of growth over the 1971-1980 period.

The most rapid rate of population growth took place in Calgary (35%), Edmonton (23%) and Ottawa (20%), while growth in Montreal slowed significantly (only 4% between 1971 and 1980). Toronto and Vancouver grew by about 10% — the average for urban Canada. Toronto, however, captured nearly a quarter (22%) of all the population growth in urban Canada over the 1971-1980 period.

Toronto Has Largest Share

Figure 1 shows trends in the total value of construction in metropolitan Canada over the 1971-1980 period. Toronto has consistently led all Canadian CMA's in construction activity although its share has fallen from about 30% of total activity between 1971 and 1974 to just over 20% from 1976 to 1980. The Montreal CMA, although roughly the same size as Toronto in terms of population, experienced only about half as much construction activity. Montreal's share of total CMA construction dropped noticeably between 1976 and 1978.

FIGURE 1
DISTRIBUTION OF CONSTRUCTION IN METROPOLITAN CANADA, 1971 - 1980



Vancouver rivals Montreal in terms of total development activity. Its CMA share held constant at 10% of total activity between 1971 and 1978 and has since risen to a level exceeding that for Montreal.

Calgary and Edmonton Booming

The most significant shift in development activity in metropolitan Canada has been the rapid growth of Calgary and Edmonton. In 1973 their share of total CMA construction totaled only 8%. By 1980, this share had increased to 27%. Most of the growth is split between the residential sector, to house a rapidly growing population and the commercial sector, to satisfy the petroleum industry's increased demand for office space. Edmonton also experienced strong industrial growth over the 1976-1980 period (see summary table).

Residential — Largest Sector

Residential construction accounts for the largest share of development activity in metropolitan Canada. Between 1971 and 1980 well over half (56%) of total construction occurred in the residential sector, followed by commercial (26%), institutional and government (11%) and industrial (7%).

Some important changes have occurred in the type of new housing units coming on stream. Data based on housing units for which building permits were issued indicate a sharp and steady decline in total units after 1977 (Figure 2). Residential approvals peaked in 1973 at nearly 190,000 units. In 1980, approvals for new units fell below 100,000.

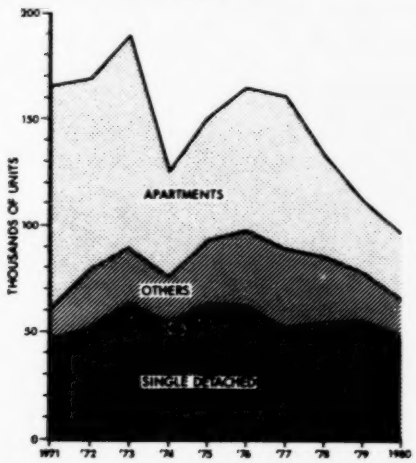
TABLE 1

Population Growth in Metropolitan Canada, 1971-1980

Location	Population 000's Actual 1971	%	Estimated 1980	%	Share of Growth 1971-80	%	Relative Growth % 1971-1980
Toronto	2602.1	(22)	2883.1	(22)	281.0	(22)	11
Montreal	2729.0	(23)	2827.3	(21)	98.3	(8)	4
Vancouver	1082.4	(9)	1200.9	(9)	118.5	(9)	11
Total for CMA's with over 1 million population in 1979	6413.5	(54)	6911.3	(52)	497.8	(39)	8
Edmonton	496.0	(4)	610.8	(5)	114.8	(9)	23
Winnipeg	549.8	(5)	590.9	(4)	41.1	(3)	7
Ottawa	474.2	(4)	568.5	(4)	94.3	(7)	20
Quebec	501.4	(4)	565.7	(4)	64.3	(5)	13
Calgary	403.3	(3)	543.8	(4)	140.5	(11)	35
Hamilton	503.1	(4)	542.1	(4)	39.0	(3)	8
Total for CMA's with over 1/2 million population in 1979	2927.8	(24)	3421.8	(26)	494.0	(38)	17
Other CMA's with over 100,000 population in 1979	2643.2	(22)	2940.0	(22)	296.8	(23)	11
All Metropolitan Area (CMA's)	11984.5	(100)	13273.1	(100)	1288.6	(100)	11

Source: Statistics Canada (based on 1976 CMA boundaries)

FIGURE 2
PERMITS ISSUED BY TYPE OF UNIT IN METROPOLITAN CANADA, 1971 - 1980



Apartment Approvals Drop

It is clear from Figure 2 that nearly all of the decline in housing approvals stems from a sharp reduction in permits issued for apartment units. In 1971, apartments accounted for 63% of all housing approvals in metropolitan Canada. By 1980, this share had fallen to only 32%.

On the other hand, the number of approvals for single detached units have not changed substantially since 1971. Nearly 50,000 detached units were approved in 1980 representing 50% of all units for which permits were issued.

Changing market conditions and constraints on supply underlie the shift in housing production. In particular:

- the maturing of the baby boom (persons born between 1945 and 1965) to family formation age;
- high financing costs;
- high construction costs; and
- the imposition of rent controls,

have limited new apartment production and placed relatively more emphasis on single detached housing forms.

Total Value Up Slightly

The detailed table accompanying this bulletin reviews construction trends by sector and housing approvals by type for the 1971-75 and 1976-80 periods. The total value of all construction actually increased slightly in the last half of the decade over the previous five year period, although declines occurred in the industrial and institutional/government sector. Surprisingly, the value of residential construction remained fairly constant even though the total units for which permits were issued fell by 17%, suggesting increased expenditures on renovations and relatively higher construction costs per unit. Commercial construction increases over this period are mainly attributable to greatly increased levels of development activity in Calgary and Edmonton.

B. LOCAL TRENDS

The analysis of local development trends between 1971 and 1980 is broken down into three sub-areas shown in Figure 3: the City of Toronto, the rest of Metropolitan Toronto, and the fringe municipalities surrounding Metro that lie within the Toronto CMA boundary.

Most of the recent population growth in the Toronto CMA has taken place in the fringe municipalities. Since 1971, the fringe has grown by 50% and now accounts for a total population larger than that of the City of Toronto (Table 2). Over the same period, the City's population fell sharply (down 15%) while growth in the rest of Metro began to level off.

General Slowdown

Figure 4 compares changes in the value of construction activity in sub-areas within the Toronto CMA between 1971 and 1980. Overall, the total value of construction fell by about 28% in the last half of the decade.

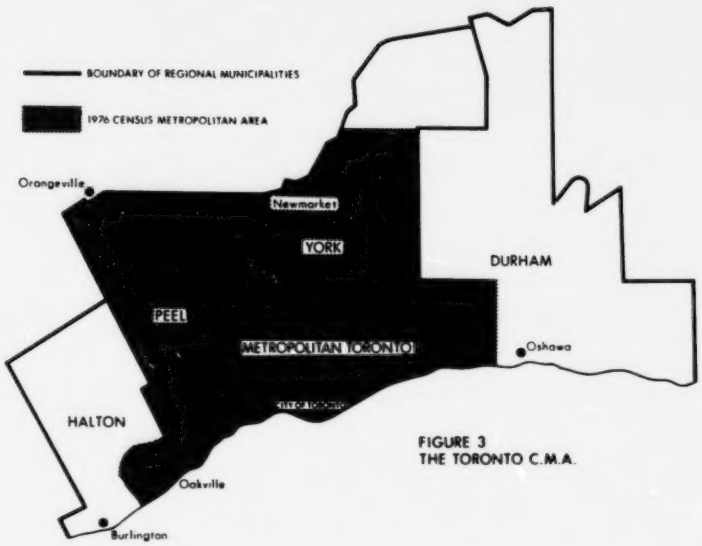


FIGURE 3
THE TORONTO C.M.A.

FIGURE 4
VALUE OF CONSTRUCTION BY SECTOR IN TORONTO CENSUS METROPOLITAN AREA, 1971 - 1980

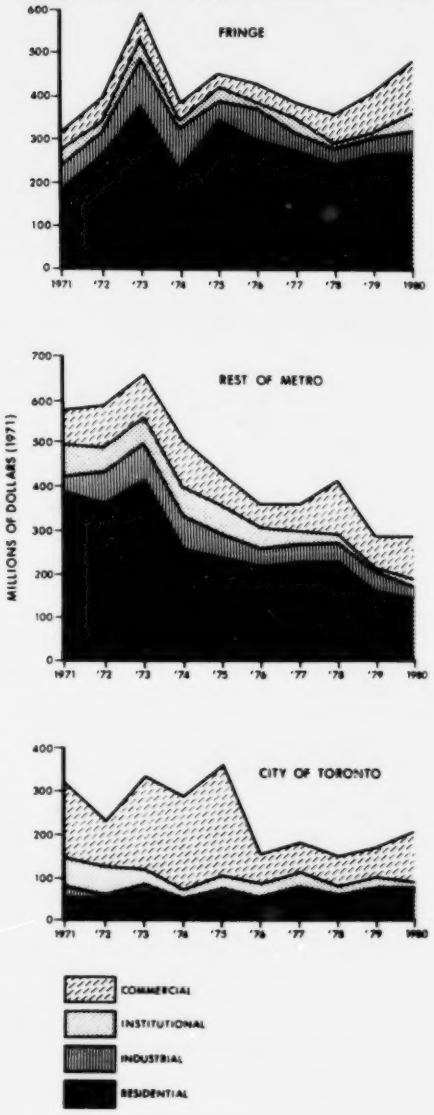


TABLE 2

Population Growth 1971-1980

Location	1971	(%)	1980	(%)	1971-80	Percentage Change
City of Toronto	712,786	(27)	602,477	(21)	−110,309	−15%
Rest of Metro	1,376,943	(53)	1,511,075	(52)	+134,132	+10%
Fringe	512,369	(20)	769,548	(27)	+257,179	+50%
Total CMA	2,602,098	(100)	2,883,100	(100)	+281,002	+11%

Source: Census Estimates and Provincial Assessment

Declines were sharpest in the City of Toronto (down 43%) and the rest of Metro (down 38%), while development in the fringe remained roughly constant.

The slowdown affected all sectors of construction activity. Residential activity was down by 22%, industrial was down 34%, commercial was down 30% and institutional/government was down 45% (see detailed summary).

In the City of Toronto, commercial development is by far the dominant form of construction activity accounting for 57% of all development in the City and 49% of all commercial development in the CMA. The value of commercial development fell sharply in 1976 following record high levels in 1973 and 1975. Since 1979, the level of commercial construction activity has risen steadily and is expected to continue to be strong as many new commercial developments come on stream in the downtown core.

Metro Filling Up

The most apparent change in the rest of Metro has been the steady decline of residential construction since 1973 as the supply of vacant land for new residential development is exhausted. The decline in residential construction has been partially offset by commercial development. A considerable amount of office space has been constructed in suburban office parks and more recently in sub-centres located on major rapid transit lines. The level of new industrial and institutional construction has gradually declined since 1974.

Growth Spreads to Fringe

Construction statistics vividly illustrate the extent to which development activity has

spread into the fringe municipalities surrounding Metro Toronto. Between 1976 and 1980, construction in the fringe accounted for 44% of all construction in the CMA, compared with 33% over the previous five year period.

While residential development accounts for nearly two-thirds (65%) of all activity in the fringe, substantial amounts of construction in the commercial, industrial and institutional sectors have also taken place. Between 1976 and 1980, the fringe contributed 50% of the CMA's industrial development, 31% of the commercial development and 22% of the institutional/government development.

Figure 5 shows how the distribution of housing units coming on stream has shifted over the 1971-1980 period. By 1980, units for which permits were issued in the rest of Metro dropped to about 25% of their 1971 level, while approvals for new units in the fringe and the City remained fairly constant. Total housing production in the CMA is down sharply from 1973 levels and has dropped steadily since 1975. Since little vacant land is available for residential development within Metropolitan Toronto, most of the new housing production, particularly for ground-oriented units, has spread to fringe locations. In the 1980's a much higher proportion of new housing produced in Metro will come in the form of redevelopment or infill.

FIGURE 5
PERMITS ISSUED FOR RESIDENTIAL UNITS IN TORONTO C.M.A., 1971 - 1980

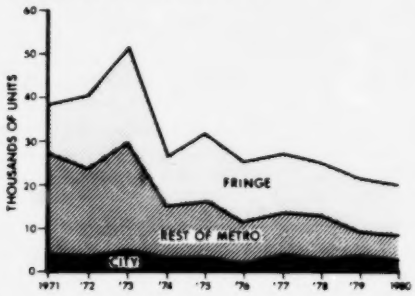


TABLE 3

Housing Units for which Permits were issued by type 1971-1980

Location	Single #	(%)	Apartment #	(%)	Other #	(%)	Total #	(%)
City of Toronto	512	(1)	25,172	(16)	3,733	(5)	29,417	(10)
Rest of Metro	20,167	(27)	88,004	(57)	28,662	(36)	136,833	(45)
Fringe	52,588	(72)	40,718	(27)	46,290	(59)	139,596	(45)
Total CMA	73,267	(100)	153,894	(100)	78,685	(100)	305,846	(100)

Table 3 shows how the type of units for which permits were issued has varied by sub-area. Nearly three-quarters (72%) of the single detached homes approved between 1971 and 1980 were located in the fringe. In contrast the City and Metro accommodated 73% of all apartments approved over the same period. Market studies indicate that demand for ground-oriented housing (singles and others) will remain fairly strong into the 1980's. Efforts are being made to develop suburban sites in higher density configurations in order to minimize sprawl, reduce servicing costs and maximize accessibility by public transit.

CITYFACTS

Cityfacts is a new feature of our Department's planning journal "City Planning". Included will be monthly and quarterly reports comparing year to year changes in construction activity. Information on recent construction trends for all municipalities within the Toronto region as well as trends in other Canadian CMA's may be obtained by calling the City's Research Dataline at 367-7860.

For more information contact Steve Dynes at 367-7185

Detailed Summary - Major C.M.A.'s*

Value of Permits Issued in Millions of Dollars (1971 $)

	Residential				Industrial				Commercial				Institutional/Government				Total			
	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%
Toronto	3,320	28.0	2,618	21.0	767	38.0	509	27.0	1,652	30.0	1,164	20.0	685	24.0	337	17.0	6,424	29.0	4,668	21.0
Montreal	1,609	13.0	1,728	14.0	418	21.0	274	14.0	774	14.0	675	12.0	469	16.0	396	17.0	3,270	15.0	3,073	13.0
Vancouver	1,240	10.0	1,481	12.0	142	7.0	142	7.0	597	11.0	552	10.0	218	8.0	259	11.0	2,197	10.0	2,434	11.0
Calgary	536	4.0	1,246	10.0	55	3.0	85	4.0	346	6.0	918	16.0	123	4.0	147	6.0	1,060	5.0	2,396	11.0
Edmonton	658	5.0	1,278	10.0	70	3.0	265	14.0	336	6.0	630	11.0	89	3.0	97	9.0	1,153	5.0	2,370	11.0
Hamilton	510	4.0	279	2.0	81	4.0	88	5.0	135	3.0	122	2.0	72	2.0	43	2.0	798	4.0	532	2.0
Ottawa	595	5.0	459	4.0	30	1.0	29	1.0	298	5.0	159	3.0	294	10.0	139	6.0	1,217	5.0	786	3.0
Quebec	434	4.0	477	4.0	28	1.0	28	1.0	239	4.0	263	4.0	95	3.0	61	3.0	796	3.0	829	4.0
Winnipeg	424	3.0	444	3.0	50	2.0	58	3.0	172	3.0	215	4.0	114	4.0	95	4.0	760	3.0	812	4.0
Other CMA's	2,695	22.0	2,512	20.0	367	18.0	414	22.0	942	17.0	1,050	18.0	717	25.0	539	24.0	4,721	21.0	4,515	20.0
All CMA's	12,021	100.0	12,522	100.0	2,008	100.0	1,892	100.0	5,491	100.0	5,748	100.0	2,875	100.0	2,253	100.0	22,395	100.0	22,415	100.0

Units Issued Permits (By Type)

	Single				Cottage				Double				Row				Apartments				Conversions				Total			
	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%
Toronto	38,891	14.0	34,507	13.0	13	5.0	0	—	20,031	36.0	17,594	28.0	18,184	32.0	21,697	28.0	110,462	27.0	43,726	17.0	482	11.0	914	16.0	188,063	24.0	118,438	18.0
Montreal	45,728	16.0	43,183	16.0	61	24.0	47	9.0	7,282	13.0	8,297	13.0	3,939	7.0	2,917	4.0	73,297	18.0	53,303	21.0	1,091	24.0	1,808	31.0	131,398	16.0	109,555	16.0
Vancouver	31,963	11.0	37,069	14.0	0	—	1	—	2,416	4.0	2,763	5.0	4,162	7.0	7,800	10.0	36,598	9.0	25,023	10.0	372	8.0	1,050	18.0	75,511	9.0	73,706	11.0
Calgary	23,710	9.0	25,997	10.0	0	—	0	—	2,509	5.0	6,951	11.0	1,976	4.0	10,148	13.0	11,047	3.0	23,114	9.0	38	1.0	114	2.0	39,280	5.0	66,324	10.0
Edmonton	20,931	8.0	25,320	9.0	19	7.0	19	4.0	1,671	3.0	3,418	6.0	4,411	8.0	11,320	15.0	16,081	4.0	22,308	9.0	35	1.0	36	1.0	43,148	5.0	62,421	9.0
Hamilton	12,193	4.0	6,981	2.0	0	—	6	1.0	1,849	3.0	2,633	4.0	4,457	8.0	2,302	3.0	16,528	4.0	3,714	1.0	43	1.0	21	—	35,070	4.0	15,657	2.0
Ottawa	6,075	2.0	5,641	2.0	2	1.0	4	1.0	1,735	3.0	3,550	6.0	5,776	10.0	8,432	11.0	29,290	7.0	8,021	3.0	88	2.0	96	2.0	42,966	5.0	25,744	4.0
Quebec	10,832	4.0	14,250	5.0	35	14.0	75	14.0	1,363	2.0	2,466	4.0	318	1.0	351	1.0	17,601	4.0	9,700	4.0	886	20.0	841	14.0	31,035	4.0	27,683	4.0
Winnipeg	13,775	5.0	10,258	4.0	0	—	0	—	2,896	5.0	2,849	5.0	1,241	2.0	1,549	2.0	16,832	4.0	11,660	5.0	86	2.0	40	1.0	34,830	4.0	26,356	4.0
Other CMA's	74,135	27.0	67,198	25.0	125	49.0	364	71.0	14,041	25.0	11,387	18.0	11,596	21.0	10,030	13.0	78,429	19.0	51,981	21.0	1,340	30.0	883	15.0	179,666	22.0	141,843	21.0
All CMA's	278,233	100.0	270,404	100.0	255	100.0	516	100.0	55,793	100.0	61,908	100.0	56,060	100.0	76,546	100.0	406,165	100.0	252,550	100.0	4,461	100.0	5,803	100.0	800,967	100.0	667,727	100.0

*Based on 1976 Census Metropolitan Area Boundaries

Detailed Summary - Toronto C.M.A.*

Value of Permits Issued in Millions of Dollars (1971 $)

	Residential				Industrial				Commercial				Institutional/Government				Total			
	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%
City of Toronto	276	8.0	302	12.0	59	8.0	36	7.0	969	59.0	397	34.0	221	32.0	138	37.0	1,525	24.0	873	19.0
Etobicoke	394	12.0	147	6.0	92	12.0	57	11.0	122	7.0	82	7.0	52	8.0	11	3.0	660	10.0	297	6.0
Scarborough	567	17.0	467	18.0	109	14.0	74	15.0	121	7.0	104	9.0	92	13.0	37	10.0	889	14.0	682	15.0
York	69	2.0	29	1.0	5	1.0	8	2.0	11	1.0	8	1.0	17	2.0	18	5.0	102	2.0	63	1.0
East York	34	1.0	10	—	5	1.0	6	1.0	7	—	4	—	21	3.0	4	1.0	67	1.0	24	1.0
North York	593	18.0	314	12.0	128	17.0	71	14.0	197	12.0	204	18.0	124	18.0	53	14.0	1,042	16.0	642	14.0
Rest of Metro	1,657	50.0	967	37.0	339	44.0	216	43.0	458	28.0	402	35.0	306	45.0	123	33.0	2,760	43.0	1,708	37.0
Fringe	1,389	42.0	1,336	51.0	367	48.0	252	50.0	225	14.0	357	31.0	156	23.0	113	30.0	2,137	33.0	2,058	44.0
Total CMA's	3,322	100.0	2,605	100.0	765	100.0	504	100.0	1,652	100.0	1,156	100.0	683	100.0	374	100.0	6,422	100.0	4,639	100.0

Units Issued Permits (By Type)

	Single				Cottage				Double				Row				Apartments				Conversion				Total			
	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%	1971-1975	%	1976-1980	%
City of Toronto	291	1.0	221	1.0	0	—	0	—	644	3.0	572	3.0	137	1.0	1,272	6.0	14,925	13.0	10,247	24.0	352	73.0	756	83.0	16,349	9.0	13,068	11.0
Etobicoke	1,483	4.0	1,715	5.0	0	—	0	—	487	2.0	437	2.0	351	2.0	666	3.0	16,625	15.0	3,128	7.0	37	8.0	7	1.0	18,983	10.0	5,953	5.0
Scarborough	5,257	13.0	5,632	16.0	0	—	0	—	3,231	16.0	3,941	22.0	5,631	31.0	5,053	24.0	22,909	21.0	7,793	18.0	41	9.0	120	13.0	37,069	20.0	22,539	19.0
York	224	1.0	155	—	0	—	0	—	86	—	118	1.0	—	—	199	1.0	4,212	4.0	891	2.0	4	1.0	2	—	4,526	2.0	1,365	1.0
East York	92	—	161	1.0	0	—	0	—	36	—	32	—	76	—	40	—	1,969	2.0	113	—	2	—	6	1.0	2,175	1.0	352	—
North York	3,443	9.0	2,005	6.0	0	—	0	—	3,470	17.0	770	4.0	2,539	14.0	1,270	6.0	24,018	22.0	6,346	15.0	9	2.0	1	—	33,479	18.0	10,392	9.0
Rest of Metro	10,499	27.0	9,668	28.0	0	—	0	—	7,310	37.0	5,298	30.0	8,597	47.0	7,228	34.0	69,733	63.0	18,271	42.0	93	19.0	136	15.0	96,232	51.0	40,601	34.0
Fringe	28,101	72.0	24,487	71.0	13	100.0	0	—	12,077	60.0	11,706	67.0	9,450	52.0	12,986	60.0	25,804	23.0	14,914	34.0	37	8.0	21	2.0	75,482	40.0	64,114	54.0
Total CMA's	38,891	100.0	34,376	100.0	13	100.0	0	—	20,031	100.0	17,576	100.0	18,184	100.0	21,486	100.0	110,462	100.0	43,432	100.0	482	100.0	913	100.0	188,063	100.0	117,783	100.0

*Based on 1976 Census Metropolitan Area Boundary